May 30, 1997

STATE OF MONTANA
REQUEST FOR PROPOSAL ADDENDUM
RFP No.: 9741-W
TO BE OPENED: **05/23/97**
TITLE: MT PRRIME PHASES II & III

ADDENDUM NO. 1

To All Proposers:

Please make the following changes to the above referenced "Request for Proposal":

     1. Incorporate the attached Questions/Answers.

     2. Note the Clarifications, including a minor revision to Appendix C.

All other terms of the subject "Request for Proposal" are to remain as previously stated.

Sincerely,

GARY D. WILLEMS
Contracts Officer

MT PRRIME Clarification and Responses to Vendor Questions

Clarifications

Section 3.4.8.12 states in part: "Deduction processing and reporting to vendors including **one time** payment and reporting of taxes;". Replace "one time" with "**on-time**."

The State is currently upgrading the mainframe operating system to OS/390. The following products, which were listed in Appendix C, will be included in the upgrade scheduled for September 1997.

OS/390 BASE	**2.0**	**IBM**	**(Corrected)**
OS/390 ASM TOOLKIT	1.2	IBM	
OS/390 SDSF	1.6	IBM	
OS/390 TCP CICS	3.1	IBM	
C++ W/DEBUG	3.2	IBM	
DFSMS ALT3	1.3	IBM	

Responses to Vendor Questions

Section 1

Q1.   There are several statewide system RFP's out simultaneously, including Indiana and Nevada, with responses due in a very close time frame. Will the State grant an extension to the due date in order to allow vendors flexibility in providing responses to all of these?

A1.   The State will not grant an extension to the due date. The State expects proposers to provide the best possible response within the stated schedule.

Q2.   Section 1.7 of the RFP states that all information received will be made public. Does the State want proprietary documentation to be submitted in response to requirements such as 40.7 on page 59 of the RFP? If so, will confidentiality be maintained?

A2.   Unless absolutely necessary, the State does not desire any information that may be defined as "Trade Secrets". If "trade secret" information must be included in a proposal, then it must be separated from the rest of the proposal, sealed in an envelope, and clearly marked "Trade Secret Information." The State will review this information and will not intentionally release it to the general public. After selection of a successful proposer, the information will be re-sealed and placed with the offerer's proposal, where it will remain as part of the file, which is public information after contract signing. However, the State will not guarantee the confidentiality of "Trade Secret" information.

Q3.   With respect to the public opening of proposals (point numbers 1.6 and 1.7 in the RFP), will the State allow vendors to identify proprietary and confidential information contained in their proposals that vendors would not made available to the public?

A3.   See A2.

Section 2

Q4.   Does the State wish to identify any deadlines for implementing MT PRRIME systems?

A4.   *Section 2.0 states: "The State expects work to commence in September of 1997 and conclude in early 1999." Proposers are expected to propose project plans and pricing that meet this schedule.*

Q5.   We understand that the Office of Budget and Program Planning has recently spent some funds with a contractor to write a new budget development module called MIBS using Oracle Developer 2000. Can you tell us: how much has already been spent on this project, how much is anticipated or programmed to be spent to finish the project, whether the new software has yet been used in a budget preparation cycle by OBPP or any agency, what the basic functions or features of this initial replacement of EBS and LBS are, and whether those responsible for the project in OBPP are happy, neutral, or unhappy with the resulting product.

A5.   *A total of approximately $250,000 has been spent on the MIBS project. Another $250,000 could be spent to complete the requirements of the full system given the limited functionality completed to date.*

A very limited portion of the entire MIBS system has been completed. Screens/forms have been completed to allow budget request data to be viewed and changed. The screens were used to finalize the executive budget recommendations and to record legislative action during the recent legislative session. Many major reports have been coded and were used. Oracle tables have been created for the entire database, but only a portion can be used given the current status of the project.   No interfaces to the state's accounting and human resource systems nor automation of the paper driven budget implementation/maintenance functions have been completed.

The system was not available for agency use this budget cycle. OBPP had to use the front end of the EBS system to capture the initial budget development data from the state's accounting and human resource systems. Agencies were forced to use the old Lotus based template system of EBS to record their budget requests.   SQL loader was used to load the agency request data into the various MIBS tables.

Given the limited functionality of the existing MIBS system, OBPP would prefer to purchase a fully integrated budgeting module rather than add the required additional functionality to MIBS. The system is not integrated with the required systems. Table structures were designed to mirror the state's legacy systems and likely would need to be redefined as MT PRRIME is implemented. Many users would like to revisit/revise the existing MIBS forms and reports. A well structured budget module may provide a better foundation to accomplish the vision implicit in the MIBS project.

Section 3

Q6.   The requirements for each module request that proposers "identify and fully describe the inputs, data elements, processes, best practices, outputs, and system functionality". How much detail does the State contemplate that vendors will need to provide to fully describe inputs, data elements, processes, best practices, outputs and systems functionality for each of the modules and requirements.

A6.   *Proposers should provide as much detailed information as necessary that will allow the State to evaluate proposals.*

Q7.   Section 3.3.2.1. Is a copy of the most recent State of Montana Comprehensive Annual Financial Report available to vendors preparing a response to this RFP?

A7. *Copies of the most recent State of Montana Comprehensive Annual Financial Report (CAFR) are available upon written request to the Purchasing Bureau. The State of Montana Comprehensive Annual Financial Report is similar to reports produced by other States.*

Q8. Section 3.3.2.2. Is a copy of the most recent Statewide Cost Allocation Plan available to vendors preparing a response to this RFP?

A8. *Copies of the most recent Statewide Cost Allocation Plan (SWCAP) are available upon written request to the Purchasing Bureau. The State of Montana Cost Allocation Plan is similar to plans produced by other States.*

Q9. Section 3.3.5.2. How does the state currently handle the accounting and reconciliation of State treasury funds held in banks throughout the state.

A9. *Accounting and reconciliation of the State's treasury funds is accomplished manually. Periodic statements are issued by the banks and the accounts are reconciled by the State.*

Q10. Section 3.3.1.1.1.[3.3.11.1] What are the specific Montana statutory requirements and directives of the Legislative Auditor that the application will need to meet to comply with this requirement.

A10. *Statutory requirements are located in Chapter 17 of the Montana Code Annotated. Access is available on the Internet at: http://161.7.121.6/MTLEGAL.HTM. The Legislative Auditor provides financial, program, and EDP audit services and does not issue statewide directives.*

Q11. Can you further explain item 3.5.4.1? What kinds of things are being allocated, at what point in the budget process is this allocation occurring, and is this question about overhead or internal service fund type allocations resulting from buyer-seller agreements?

A11. *The legislature approves operating budgets generally at the program levels (the first subordinate level within an agency) and appropriated amounts by program and fund type. After budgets are legislatively approved at the high summary level (usually program level allocating to personal services, operating, equipment and grants; and allocating appropriations by fund type for the program) many divisions choose to further allocate a division's operating budgets and appropriations to functional units within a program for monitoring/reporting purposes (e.g bureaus, projects, line managers ... within a program) and/or allocate operating budgets to more detailed levels (e.g allocate operating expenses to categories such as contracted services, supplies, communications, travel, rent, etc.). Agencies may chose to change these allocations during the year due to changes in revenue levels, funding mix, reorganizations or reengineering of business processes. (A private sector analogy may be to allocate a total advertising budget to products and the various media).*

The current budget practices of the state are flexible in the amount of detail maintained within the system. The amount of detail is left to agreements among OBPP analysts, LFD analysts and the agencies. In some cases, they agree to maintain program level detail, in the majority of cases however, data is maintained at a sub-program, functional level. The system has the ability to map/aggregate the detailed "responsibility center" expenditure detail maintained on the state's accounting system to higher summary levels for budgeting purposes. This convention provides a compromise between the legislature's and analysts' desire to prepare/articulate budget requests along functional/project lines

while preventing them from becoming overwhelmed with data and work requirements.

This allocation is not about the allocation of overhead or internal service fund type allocations. Rather it includes these allocations as described above.

Q12. Can you further explain item 3.5.5.8? What do you mean by 'budget levels' and what do you mean by 'source of authority'?

A12. *The intent of this statement was to determine the flexibility embedded in the design of the proposers system and to ensure the system is capable of providing the audit trail expected by the legislative branch.   For example, the state's constitution and laws require the strict accountability of all funds that leave the state treasury but also requires that only certain funds (or functions within a fund) require an appropriation to allow the expenditure. In this example, "budget level" would mean legislatively appropriated, administratively appropriated or non-appropriated/non-budgeted.*

"Budget level" can take on a different meaning within state budgeting laws. OBPP is required to differentiate between "new" and "base" budget items/requests. A data field to allow data items to be classified would simplify potentially complex coding and/or table structures.

"Source of authority" means the law that authorized the appropriation. A bill number field exists in the current system to provide an audit trail to ensure the appropriation amount was legal and to allow OBPP/agencies to maintain operating plans by source of authority as required by law. OBPP's appropriation and position control functions require reporting summaries to allow it to ensure agencies do not over allocate their authority/FTE. Various business rules required by statute and the comptroller function within OBPP require this information to be maintained.

Q13. How important in your evaluation of software will the requirement under item 3.5.7.1 be? Integration of fiscal notes with budget system data may or may not be difficult depending on what data is contained within fiscal notes, at what level of detail in the budget system the notes are supposed to be attached, and other questions.

A13. *Many of items in 3.5.7 may best be viewed as "nice to have" in recognition that many features of the state's fiscal note process may be very unique and can not be expected of an off-the-shelf budget system. Hence, the item of specific concern, 3.5.7.1, and other items mentioning fiscal notes will receive proportionally little weight. The other major system requirements are far more important.*

But, many of the items within 3.5.7 reflect a frustration shared by many about the lack of useful electronic management information inherent in our legacy systems. These frustrations lead to the data warehouse tone of many of the items contained in the section.

The ability to access existing data for the creation of projected costs of proposed legislation is important to the fiscal note process as well as the general need for the ability to access existing data for any 'what if' analysis and projection work that OBPP, LFD or agencies have a need to do in timely fashion that is supported in part by historical data and projected budget or legislatively approved budget data for future years.

Q14. Can you further explain the scenario item 3.5.8.1, specifically statement #6.

A14.   The answer to question number 12 provides additional information for item 3.5.8.1.

Q15.   Is there a list of specific budget development, executive budget submission, and legislative reports that the State would like the new budgeting system to produce? Is so, can we be provided copies of them?

A15.   The new budget development system must produce a series of reports. Published reports include the following program level reports: a program summary of totals by expenditure category and fund type, present law adjustments totals and new proposal totals summary reports. An agency summary similar to the summary program table layout is also printed at the beginning of each agency section. These reports are available on the Internet at: http://www.mt.gov/leg/branch/budget.htm, and other reports are available at: http://www.mt.gov/budget/index.htm.

In the summary section, statewide totals by fund type and agency are published for budget comparison purposes. The report(s) shows agency totals for each of the appropriated fund types.

In addition, the system needs to be able to produce certain reports that are not published.

Analysts and agencies need a standard comparison report to allow them to view hard copies of the historical data contained in the system. They should be able print the detail or roll-up the data at either a program or agency level. Higher level expenditure and fund totals need to be available.

Other budget development reports needed by analysts and agencies include:

a)   FTE reports showing the detail by position. Data elements in this report(s) include position attributes and projected costs by position.

b)   Revenue reports that show dollar amounts recorded on the system.   Various reporting requirements may be necessary depending on the query functionality implicit in the system. Common reports of interest include statewide (or agency) summaries by revenue source, accounting entity reports, and fund reports by source of revenue. All of the above reports are by year.

c)   Accounting entity balance reports that combine revenues and proposed expenditures to show computed fund or cash balances by year for an accounting entity.

Other budget, personnel and revenue monitoring reports are necessary, but are assumed to be available under the reporting requirements of the parent system.

Section 4

Q16.   Section 4.1.4.5 It is our understanding that the State is currently evaluating enterprise e-mail applications. What impact does the State's current evaluation have on the PRRIME project? How should vendors price the interface with the new E-mail system since it has not been awarded yet (and the selection of one vendor over another could make a difference in price)?

A16.   The state is currently evaluating enterprise e-mail applications. The selection is expected to take place in early June, followed by a competitive process to select contracted services for assistance in the implementation which will start in October. The deployment is expected to take place over the next 18

-24 months. It can be expected that any e-mail interfaces will be with the new environment. In responding to 4.1.4.5.2, if the selection is expected to affect the cost of the interface, indicate a range identifying costs of various options using the industry leading products.

Section 5

Q17. Sections 5.1.2 and 5.1.3 As a private, limited liability partnership, our firm is not required to prepare, and does not publish, an audited annual report or quarterly financial statements. We typically provide financial statements from the previous three years, bank references, NAIC rating reports, and other information to substantiate our financial stability and viability. Is this acceptable?

A17. *Proposers which are private, limited liability partnerships, can provide audited financial statements from the previous three years, bank references, NAIC rating reports, and other information to substantiate their financial stability and viability.*

Section 6

Q18. Is hardware, including servers and workstations, expected to be provided by the vendor under the contract?

A18. *Provision of servers and workstations may or may not be included in the contract. Determining factors will be the vendor's cost for such equipment vs. the State's cost for such equipment under existing term contracts. The cost of equipment is included in the budget for MT PRRIME.*

Q19. The RFP cost sheets require pricing to be provided for the Workstation deliverable. What assumptions are appropriate for the number of users who need workstations, the typical third-party software that will be installed on the workstations in addition to the MT PRIME applications, and the existing desktop workstation or 3270 terminal device configurations currently available for these users?

A19. *Section 2.4.2 describes the State's standards and strategic directions. The appropriate number of workstations is dependent upon the solution proposed. Section 2.4.3 describes agency IT environments. Beyond existing standards, third-party software varies greatly among agencies.*

Q20. For configuration sizing and costing purposes, how many total and concurrent users will there be by module (Accounting, HR, Budgeting, Procurement) and in total across all the modules?

A20. *Previous studies have indicated that the State has the following number of personnel involved in the core processes:*

> *Accounting 500*
> *Budgeting 200*
> *Human Resource 200*
> *Procurement 100*

Total usage based on these studies is 1,000 personnel. Significant change to the number of users is expected.

Q21. For the purposes of sizing hardware, please indicate the maximum number of concurrent users that will access the system at any one time.

A21.   *See A20.*

Q22.   For configuration sizing and costing purposes, please provide the following information:
Annual volume of purchase orders.

A22.   *Previous studies have indicated the State currently processes 12-15,000 purchase orders per year.*

Annual volume of accounts payable checks issued.

Previous studies have indicated the State currently processes approximately 1.8 million warrants per year.

Number of general ledger entries per year.
Previous studies have indicated the State currently processes approximately 5 million transactions per year through SBAS.

Frequency and size of payroll cycles.

Section 2.3.2 of the RFP states that the State "...pays on average 11,500 employees on a biweekly basis..".

Annual volume of personnel actions.

In one recent 2 week pay period we processed:
> *a) 5,332 transactions to set up new employees, term employees, change names, addresses, set up and change or delete deductions or bonds;*
> *b) 23,187 transactions recording time worked; and,*
> *c) 9,342 leave taken or comp time earned transactions. One leave transaction can include more than one type of leave. For example: annual leave taken, sick leave taken & comp time earned for one employee would be one transaction.*

Various other personnel actions such are performance appraisal and training are not currently captured in our systems.

Data retention policies for payroll checks, PO's and accounts payable checks.

Accounts payable and payroll warrants are microfilmed and the paper warrant is kept 3 years. The microfilm is kept indefinitely.

Other pertinent data is kept on a variety of retention schedules, one of the longest being a payroll report which is kept on microfilm for 50 years.

Q23.   The RFP cost sheets require pricing to be provided for the Conversion deliverable which includes interfaces to agency operational systems. What interfaces are required? Please describe each.

A23.   *Previous studies have indicated that State agencies currently operate approximately 75 operational systems, identified as systems which provide functionality specific to an agency, but which contain core data; and approximately 120 supplementary systems, identified as systems to fill needs not met by the*

core systems. The Phase I documents available on the MT PRRIME web site contain more information.

The State expects that several supplementary systems will no longer be necessary when core systems provide sufficient functionality.   Most of the operational systems will require interfaces. The State expects that the definition of which systems to replace and which systems to interface will occur early in the project.

The primary effort to interface these systems will be undertaken by the State.   The State expects proposers to estimate the number of hours they will have available and provide a cost per hour for those services.

Q24.   Please indicate which surviving systems must be integrated with the new system.

A24.   See A23.